

## Reforms and Regulations

❖ The **NITI Aayog** has notified the **draft National Electricity Policy** aimed at **enhancing energy independence, increasing access at affordable prices**, ensuring **greater sustainability and higher economic growth**. The NEP anticipates major transformations on the energy demand and supply sides arising out of evolving technology, consumer behaviour and air quality considerations and also suggests interventions to reduce the gap in energy consumption parameters between rural and urban areas. According to the draft, the share of solar and wind is expected to be 14-18 per cent and 9-11 per cent in electricity mix, and 3-5 per cent and 2-3 per cent in the primary commercial energy mix respectively, by 2040. Further, it proposes 100 per cent electrification and clean cooking coverage by 2022. The policy also pushes for corporatising Coal India Limited's subsidiaries and for higher production from private coal miners through comprehensive reforms in allocating coal blocks. The NEP will be finalised after consultations with stakeholders and the last date of submitting comments is July 14, 2017. The proposed policy would replace the Integrated Energy Policy framed by the erstwhile Planning Commission in 2008.

## Central Sector

❖ The **Ministry of Power (MoP)** has launched the '**MERIT**' (Merit Order Despatch of Electricity for Rejuvenation of Income and Transparency) **portal, developed jointly by MoP, Power System Operation Corporation Limited and Central Electricity Authority (CEA)**. The web portal displays information regarding the merit order of electricity procured by states such as daily state-wise marginal variable costs of all generators, daily source-wise power purchases of respective states/union territories with source-wise fixed and variable costs, energy volumes and purchase prices.

❖ **MoP** has launched a **weather portal** for the **power sector** which will **assist distribution companies** in taking **pro-active steps** regarding **short and medium term power management processes**. Further, it will also facilitate better planning for infrastructure availability so as to ensure cost effective and reliable supply. The portal will provide information that includes regional weather summary, nowcast, weather forecast, weather warning, satellite images and region specific forecast.

❖ The **Nuclear Power Corporation of India Limited (NPCIL)** has carried out the '**first pour of concrete**' (raft concrete) for the **third and fourth reactor buildings** for the **Kudankulam Nuclear Power Project (KKNPP)** in **Tamil Nadu**. The third reactor will start generating power in March 2023 whereas the fourth reactor is scheduled for power generation in March 2024. Both the reactors will have 30 per cent domestically fabricated components while the fifth and sixth reactors, for which the government has signed agreements with Russia, will have additional 20 per cent domestic-make components.

❖ **Damodar Valley Corporation (DVC)** has **secured the first rank and overall readiness of 100 per cent** in the **Readiness Criteria** of the **implementation** of the **National Hydrology Project (NHP)** along with nine other implementing agencies. The entity has been allocated Rs 500 million as grant-in-aid for the project which is being funded by the World Bank and the Government of India. The NHP is a central sector scheme and envisages an investment of Rs 36.40 billion. The project is scheduled for completion by March 2024 and will help in collecting hydro meteorological data which will be stored and analysed on a real time basis and can be accessed by any user across the country.

## State Sector

❖ The **Punjab State Power Corporation Limited (PSPCL)** is **considering a proposal to shut down Stage-I** (two units set up in first phase) of the **440 MW Guru Nanak Dev Thermal Plant at Bathinda** and the **1,260 MW Guru Gobind Singh Thermal Plant at Ropar**. The former has four units of 110 MW each while the latter has six units of 210 MW each. The move is in line with the directives of MoP and the CEA, as per which which thermal units which were set up over 25 year ago and are not economical compared to newer ones should be shut down in phases.

Note: Rs 1 crore = Rs 0.01 billion; Rs 1 lakh = Rs 0.1 million; Rs 1,000 million = Rs 1 billion

- ❖ **Coal supplies to power plants in West Bengal, Odisha, Punjab, Haryana and Uttar Pradesh** as well as those of **DVC** have been **affected due to the closure** of a **34 kilometer stretch of railway track** between **Dhanbad** and **Chandrapura** in **Jharkhand**. The Indian Railways has closed the line due to an underground coal fire, which made the track dangerous. The incident has affected movement of 42,000 tonnes of coal per day and 2,400 MW of power generation capacities.
- ❖ The **Bangalore Electricity Supply Company Limited (BESCOM)** is planning to **launch a smart meter project** by **end of 2017-18**. The utility has constituted a five-member expert committee to look into aspects like implementation and costs. The utility is also collecting information from Chamundeshwari Electricity Supply Corporation Limited which is installing 30,000 smart meters in Mysuru city as a part of a pilot study.
- ❖ **Due to non-agreement on tariff** between **NTPC Limited** and **Rajasthan's state distribution** companies, the **deadline for the memorandum of understanding (MoU) for NTPC to take over Rajasthan's 1,660 MW Chhabra power plant** has been **extended till September 2017** from **May 2017**. NTPC proposes to take up the modernisation of the plant which would raise tariffs by about 10 paise/unit. In addition, NTPC has asked the state to guarantee a minimum amount of power offtake, whereas Rajasthan utilities have insisted on buying power from the plant as per the merit order list.

## Private Sector

- ❖ **Tata Power Company Limited** has written to **Himachal Pradesh's Directorate of Energy** expressing its **desire to give up 450 MW Duggar power project** in Pangi area of **Chamba** district in **Himachal Pradesh** that was allotted to it in **2007-08**. The company has cited poor infrastructure and absence of proper road connectivity to the site as reasons for surrendering the project.

## Projects and Ventures

- ❖ **Gujarat Alkalies and Chemicals Limited** has **awarded a contract** to **Bharat Heavy Electricals Limited (BHEL)** for setting up a **15 MW solar photovoltaic power plant** on engineering, procurement and construction basis at **Gujarat Solar Park** in **Charanka**. It will be BHEL's first ground-mounted solar PV project in Gujarat.

## Debt and Equity

- ❖ **Rural Electrification Corporation (REC)** has **priced its green dollar bonds** at **167.50 basis points** over the **10-year US Treasury** yield to **raise \$450 million**. HSBC, Mizuho, Barclays, BTMU, ANZ, and BNP are the bankers to the deal.
- ❖ **NTPC-SAIL Power Company Limited (NSPCL)** is in the **process of raising Rs 15 billion** through its **maiden bonds** and has asked bankers for **underwriting bids** for the same. The first tranche would be for Rs 2.50 billion with a greenshoe option of another Rs 2.50 billion.
- ❖ **Lenders** are, reportedly, in **discussions** with various stakeholders to **take over Tata Power's 4,000 MW Mundra UMPP, Adani Power's 4,620 MW Mundra thermal power plant and Essar Group's 1,200 MW Salaya power plant** in **Gujarat** and transfer **100 per cent equity** for **Re 1** to consumers states, including **Gujarat**. However the lenders have insisted that the corporate guarantees given by the promoters will continue even after the change in ownership. For now, this plan depends on the outcome of due diligence conducted by NTPC.
- ❖ In a bid to **expand its renewable energy portfolio**, **GE Energy Financial Services** is planning to **invest \$90 million** in developing a **solar power project portfolio of 500 MW** with **RattanIndia Group** in the ratio of 51:49. The company has already invested in RattanIndia's solar projects aggregating 210 MW at Bhadla, Allahabad, Pavagada and Katol.
- ❖ **State Bank of India**, the lead banker to **Jyoti Structures** has **filed insolvency application** against the company with the **National Company Law Tribunal** following the **Reserve Bank of India's** directives. The company has not filed any objections to the proceedings but has submitted that it was in talks with a potential buyer for a stake sale.